NEWSletter



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INSTITUTE
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ECONOMIC RESULTS REACH A NEW MAXIMUM

After challenging years affected by pandemics, it is pleasant to observe the current economic results of our industry. The total maximums are exceeded every quarter, and even the last quarter of last year continues this trend. The assessed gambling tax for **the fourth quarter of 2022, with CZK 4.839 billion, reached an absolute record number.** Land-based gambling games accounted for more than 54 percent and approximately CZK 2.626 billion of this result. It was the gambling games that were most affected by the pandemic and related government restrictions.

In the sum of all types of gambling games, the tax liability increased by a significant 22.1%, 27.4% for gambling games operated via the Internet, by 18% for land-based gambling games.

The tax liability for technical games increased the most, by 31.7%. Live game increased by 14.8%, fixed-odds betting by 11% and lotteries by 8.4%.

The total assessed gambling tax for 2022 should exceed CZK 17 billion.

THE AMENDMENT BEHIND SCHEDULE

The endless wait for the form of the long-awaited amendment is over. Compared to the original schedule, the Ministry of Finance had gotten behind schedule, and therefore, we had to wait a little longer than we expected and were promised. Apparently, the internal comment procedure did not go as smoothly as the leaders of the Gambling Regulation division had expected. Unfortunately, even the promised round table has not yet taken place. That is why we were only able to familiarize ourselves with the wording of the paragraph at the end of March, when the amendment was published in an external comment procedure.

We are glad that the IFGR is one of the official comment places and therefore, we have the opportunity to comment on the wording of the amendment to the act.

The Ministry of Finance set twenty working days for the submission of comments. This is the time during which we at the IFGR will analyse paragraphs and examine their possible effects on individual operations.

The reactions of all our members are crucial in this regard, therefore, any comments or suggestions will be welcomed, and the final material of comments will be prepared based on them.



BETANO JOINED THE INSTITUTE

Another **strong player operating on the Czech market since February of last year joined the IFGR. It is the company Kaizen Gaming Ltd.**, which operates fixed-odds betting and an online casino under the brand name Betano; it is one of the fastest growing technology companies in Europe. In all the countries in which it operates, it belongs to the elite. It operates in the markets of Germany, Portugal, Romania, Bulgaria, Brazil and Chile. In Greece and Cyprus, it operates under the Stoiximan brand, it is the largest betting company in these countries.

REFERENDUM IN KLADNO WILL BE REPEATED, THE ORIGINAL ONE OVERRULED BY COURT

Kladno **representatives approved a new date for the local referendum on the prohibition of gambling in the city. It is set for Saturday, 15 April; which is three months after the first referendum, which the court declared invalid.**



According to the opposition, it is too early. Even the members of the preparatory committee from the "Kladno Without Gambling" initiative do not like the date too much. Senator Šípová and representative Anna Gamanová (STAN) agree that a more suitable date should have been chosen, which would have increased the probability of sufficient voter turnout so that this time, the result of the referendum would be valid and binding. "The topic of gambling will certainly be relevant even in two years, for example, during regular regional elections," added Anna Gamanová.

The city authorities, which perceives the issue differently and is convinced that gambling in Kladno has long ceased to be a hot topic and that there is no need to limit it any more, has announced the referendum date at the earliest possible date. "The city is proceeding in accordance with the court's ruling and according to the law," said Vít Heral, spokesman for the Kladno city hall.

Twenty-two deputies, including three from the opposition, voted for the date of the referendum to be in mid-April at the meeting. Five representatives abstained from voting and the same number voted against it.

The polling stations will open at designated locations in Kladno on the third Saturday in April at eight a.m. and will be closed at 8 p.m. on the same day.

In Kladno, the first ever referendum was held in January at the same time as the presidential elections. It was attended by an insufficient number of voters though - only 26%, and least 35% would be needed for its result to be valid.

Currently, out of the original 130 places in the territory of the city of Kladno, where players went to gamble,

there are only 12 gambling establishments and casinos at specified addresses. Entry to these places is subject to several levels of strict control, and gambling is not allowed, for example, for people receiving social benefits.

The income of the largest city in central Bohemia from gambling is around CZK 100 million per year, which is used, for example, to support sports.

RUSSIA AS A HIGH-RISK COUNTRY

In mid-March, the Financial Analytical Office (FAO) issued a statement on assessing the riskiness of Russian citizens. It is, therefore, a reaction following the decision of the European Parliament and subsequently the Chamber of Deputies of the Parliament of the Czech Republic, with which they designated Russia as a country supporting terrorism. According to the statement of the FAO, citizens of Russia must be considered automatically as clients from high-risk countries, and in such a case, operators must carry out identification and check in the regime of "strengthened identification and check" within the meaning of Section 9a of the AML Act.

"In general, it can be said that with regard to Russia as a high-risk country, every obliged person should set up such strengthened identification and check of a client in connection with their clients, business relationships and transactions, which is based on Section 9a of the AML Act and its risk assessment and internal regulations, while its scope corresponds to the identified ML/FT risk and its effective management," says the FAO.

You can find the Czech statement of the FAO on our website here.

LIECHTENSTEIN REJECTED CASINO BAN

After more than 100 years, two casinos were opened in Liechtenstein in 2017. There are currently six casinos operating across the country, however, they are still a thorn in the side of certain population groups. **Their fate and a possible complete ban were, therefore, decided by the voters in a national referendum. The vast majority of them, 73%, spoke against the ban**.



Both the government and Prince Hans-Adam II showed support against the ban. They unanimously considered the proposal to be too extreme a response to address possible gambling addiction. Moreover, it was mentioned more than once during the debates that the gambling industry is considered a valuable source of income.

The referendum and the votes needed to hold it were the result of pressure from a group called IG VolksMeinung (people's opinion), which wanted to

"stop the spread of casinos". IG VolksMeinung was worried that the spread of gambling in the country and the potential damage it caused was not worth the financial gains for a nation as wealthy as Liechtenstein. With a GDP of 180,000 dollars per inhabitant, it is one of the richest countries in the world.

The group is also concerned about possible financial risks, such as money laundering, associated with the gambling industry, and wants the country to distance itself from the industry and, therefore, it protected its international reputation. After the results of the referendum, IG VolksMeinung let it be known that they were disappointed with the result, but would continue to monitor the situation.

Another point of interest in connection with Liechtenstein is its cross-border cooperation. At the end of September last year, the Swiss Federal Council approved an agreement between Liechtenstein and Switzerland on the cross-border exchange of data on banned players. This means that the ban on players entering and gambling in casinos in Switzerland will also apply in Liechtenstein and vice versa. The agreement is the first of its kind and aims to improve player protection.

THE DANISH MARKET GREW LAST YEAR

In 2022, the Danish gambling market grew by 7.5% last year, despite less interest in sports betting. According to the Danish gambling authority, Spillemyndigheden, the total GGR for 2022 reached DKK 6.70 billion (€910.1 million).

Online casinos contributed the most to this result, with DKK 2.88 billion, which was 2.1% more than in 2021.

Despite the year-on-year decrease of 3.6% to DKK 2.32 billion, fixed-odds betting remained in the second place.

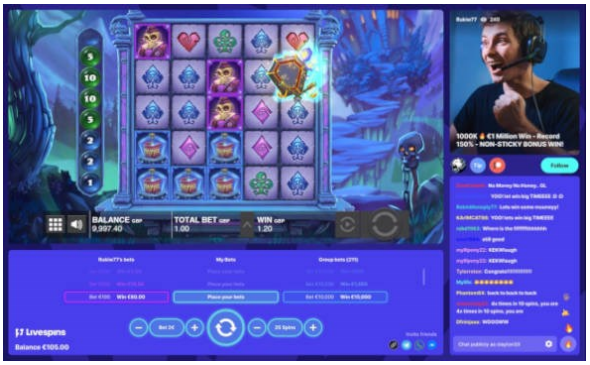
It is interesting that fixed-odds betting has seen a decline just in the year when such a sporting event as the World Cup was held.

In the year-on-year comparison, it is possible to observe large percentage fluctuations. It is most often seen in building establishments and casinos. Those in 2021 were most affected by the restrictions associated with the spread of the Covid-19 pandemic. In the case of Denmark, these operations were completely closed in December. That is why the building casino segment is the biggest increase of the year, by an incredible 59.3%.

OLD ORDERS ARE BROKEN, COMPLETELY NEW CATEGORIES FORMED

Slot machines are known as a game where players can hardly share their experiences with others. It does not matter if they play in a gambling establishment, casino or even on the Internet. They just find a slot machine and indulge in their own fun.

The Livespins platform is trying to break these established orders. It entered the slot machines market a year ago and created a shared streaming experience where players can not only bet but also chat together.



The best way to explain how Livespins works is through a practice known from land-based form called

“**bet behind”.**

You know when you go to a casino abroad and, without sitting at the table, you can bet behind the person sitting at the table? So, combine this principle with casino streaming. Instead of passively watching a streamer in an online casino, you can join the game and bet behind the streamer by yourself and also with other players at the same time.

There is a community element to it. Maybe dozens of players bet behind the streamer, and if it wins, so do you. And then, you can all celebrate the win together.

According to Livespins Business Director Michael Pedersen, the “bet behind” product they launched through Livespins is certainly not the last. It is the beginning. We see Livespins as a completely new category.

When you enter the website of one of the operators, you will see your live casinos and board games. Spins will effectively become a separate and new category for these kinds of live experiences. We will build the product portfolio over time. It is like we are laying the groundwork for a new way of playing casino games right now. Many different variations will appear in the near future.

The reasons that led to the development and launch of Livespins

Statistics and data from around the world show that consumer habits are changing and that they are more inclined towards streaming. In Asia, around a third of all online purchases happen through streamers. Regular shopping on Amazon is outdated for the Asian market in particular. This trend can also be observed in Western countries.

Consumers, especially Gen Z, are looking for more engagement. Apple offers SharePlay where they can watch a movie or listen to music together. Disney+ has come up with a feature called GroupWatch where you can stream a movie to 20 different living rooms and watch it at the same time. Outside of the gambling industry, it is increasingly seen that social trends are taking hold.

This has been talked about for a long time in online gambling, and the last year was the right time to launch it.

This year, Livespins has made several updates that allow players to get even more involved in games. It professionally trains streamers to master the techniques of how to properly communicate with players. On the contrary, players have the option to choose from their favourite list of streamers and join them in their own online casino.

However, it does not end there. It can be expected that the pressure for further development will not only be within our industry. At Livespins, there are jokes about the fear of what will happen if Amazon gets into online gambling. We can already see it: Netflix is getting into gaming, not gambling yet. This trend will only continue. It is not clear at this point if they will delimit social gaming or entertainment, or if they will enter the actual gambling space. Who knows?

What is the main thing that Livespins is trying to push is that it is not just another type of game, but literally a new category. It is a new way to play slot machines that has not been seen before.